

## Message Text

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ACTION EUR-12

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INR-10 NSAE-00 PA-01 SS-15 SP-02 XMB-02 /058 W  
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R 180304Z FEB 78  
FM AMEMBASSY MOSCOW  
TO SECSTATE WASHDC 8036  
INFO USDOC WASHDC  
AMCONSUL LENINGRAD

C O N F I D E N T I A L SECTION 01 OF 02 MOSCOW 02411

STATE FOR EUR/SOV (EDGAR)

USDOC FOR BEWT/TDAD (STECHSCHULTE)

E.O. 11652: GDS  
TAGS: BGEN, EEWT, UR  
SUBJECT: SCST OFFICIAL REVIEWS COOPERATION AGREEMENTS  
WITH U.S. COMPANIES

1. SUMMARY: IN MEETING FEBRUARY 8 WITH VISITING BEWT/  
TDAD OFFICER STEIN AND COMATT, E. A. AYKAZYAN, CHIEF OF  
USA SECTION OF STATE COMMITTEE FOR SCIENCE AND TECHNOLOGY  
(SCST), REVIEWED STATUS OF COOPERATION AGREEMENTS WITH  
U.S. COMPANIES. DISCUSSION CENTERED AROUND LIST OF  
COMPANIES WITH SCST AGREEMENTS AND THEIR SUBSEQUENT  
CONTRACTS WITH SOVIET FTO'S THAT WAS RECENTLY COMPILED  
IN BEWT/TDAD. AYKAZYAN WENT THROUGH LIST AND GAVE  
BRIEF REPORT ON SUCCESS/FAILURE OF EACH AGREEMENT. LIST  
HAD PREVIOUSLY BEEN PRESENTED TO SCIENCE ATTACHE AT  
SOVIET EMBASSY IN WASHINGTON, AND AYKAZYAN'S VIRTUOSO  
PERFORMANCE IN RUNNING DOWN LIST, SUPPLYING DETAILS  
ON EACH AGREEMENT, MAY PROBABLY BEST BE EXPLAINED BY  
CAREFUL ADVANCE PREPARATION. END SUMMARY.

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2. AYKAZYAN ACKNOWLEDGED THAT U.S. COMPANIES VIEW RE-  
SULTS OF THESE AGREEMENTS PRIMARILY IN TERMS OF COMMERCIAL  
CONTRACTS, AND THAT JUDGED SOLELY ON THOSE TERMS SOME  
AGREEMENTS HAVE BEEN UNSUCCESSFUL. AYKAZYAN STATED  
THAT CHIEF ADVANTAGE FOR A U.S. COMPANY IN HAVING A  
COOPERATION AGREEMENT WITH SCST IS THAT IT MAKES IT  
EASIER FOR COMPANY TO MEET WITH SOVIET END-USERS TO

DISCUSS POTENTIAL FOR BUSINESS. (BY WAY OF CONTRAST, IN EARLIER MEETING WITH STEIN, SOV SCIENCE ATTACHE IN WASHINGTON HAD STRESSED POTENTIAL BENEFIT TO U.S. COMPANY OF EXPOSURE TO ADVANCED SOVIET TECHNOLOGY.) AYKAZYAN ADMITTED THAT PARTIES (PRESUMABLY BOTH SCST AND SOME U.S. COMPANIES) HAD BEEN TOO ANXIOUS TO RUSH INTO THESE AGREEMENTS DURING 1972-73 PERIOD; AND THAT IN SEVERAL CASES IT WAS LATER DISCOVERED THAT THERE WAS NO REAL BASIS FOR COOPERATION. ACCORDING TO HIM, SCST IS NOW MORE CAREFUL TO INVESTIGATE THESE QUESTIONS BEFORE SIGNING A NEW AGREEMENT.

3. MENTIONED AS EXAMPLES OF "SUCCESSFUL" AGREEMENTS WERE, INTER ALIA, F.M.C., G.E., CONTROL DATA, AND OCCIDENTAL PETROLEUM. BERGER INTERNATIONAL, GENERAL DYNAMICS AND NORTON SIMON WERE AMONG THOSE CITED AS EXAMPLES OF AGREEMENTS WITH NO FUTURE. AYKAZYAN REPORTED THAT ORIGIN AL G.E. AGREEMENT, WHICH EXPIRED IN JUNE 1977, HAD BEEN RENEWED FOR FIVE MORE YEARS. OCCIDENTAL PETROLEUM'S AGREEMENT ALSO OFFICIALLY EXPIRED LAST YEAR, BUT REPORT- EDLY WILL BE RENEWED. SCST DOES NOT INCLUDE THE 1971 LITTON INDUSTRIES "PROTOCOL" ON ITS LIST OF COOPERATION AGREEMENTS. (COMMENT: THIS MAY BE DUE TO FACT THAT PROTOCOL SIGNED WITH LITTON PREDATED GOVERNMENT-TO- GOVERNMENT S AND T COOPERATION AGREEMENT OF 1972, WHICH GAVE AN OFFICIAL IMPRIMATUR TO SCST - COMPANY AGREEMENTS.)  
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WORTHINGTON PUMP, WHICH ALSO APPEARS ON BEWT/TDAD LIST, IS LIKEWISE NOT ON SCST LIST. (COMMENT: THIS AGREEMENT MAY HAVE BEEN SIGNED BY ITALIAN SUBSIDIARY OF U.S. COMPANY STUDEBAKER-WORTHINGTON.)

4. AYKAZYAN INDIRECTLY UNDERLINED LIMITS TO COMMERCIAL BENEFIT OF SCST COOPERATION AGREEMENTS WHEN HE DISCUSSED SITUATION OF AMERICAN CAN, SIGNATORY TO AN SCST AGREEMENT, BUT SUBSEQUENTLY LOST OUT ON CONTRACTS TO U.S. COMPETI- TOR, CONTINENTAL CAN, WHICH HAD NO SUCH AGREEMENT. AMERICAN CAN THEN "BECAME PASSIVE" IN REGARD TO SOVIET MARKET, BUT SCST NONETHELESS HOLDS OUT HOPES FOR COOPERATION WITH COMPANY IN CHEMICAL FIELD.

5. SOMETIMES SCST AND A COMPANY DISCOVER POTENTIAL AREAS OF COOPERATION BEYOND THOSE WHICH LED TO SIGNING OF AGREEMENT IN FIRST PLACE. AYKAZYAN POINTED TO CASE OF INTERNATIONAL PAPER, WHERE PRIMARY INTEREST WAS IN GIANT YENISEI PULP AND PAPER PROJECT. NOW THAT PROJECT HAS BEEN DELAYED AT LEAST UNTIL NEXT FIVE-YEAR PLAN, PARTIES ARE LOOKING TOWARD COOPERATION IN OTHER AREAS WHERE INTERNATIONAL PAPER APPARENTLY HAS TECHNOLOGY OF

INTEREST TO SOVIETS, NAMELY IN RICE AND SOYBEAN PRODUCTION.

6. OTHER CASES IN WHICH SCST SEES GOOD POTENTIAL FOR BUSINESS LEADING FROM COOPERATION AGREEMENTS INCLUDE: BECHTEL, BENDIX (SCST THINKS SPARK PLUS COMPENSATION DEAL IS NOT YET DEAD. WITH SOME 35 DIFFERENT COMPONENTS GOING IN TO CERAMICS FOR SPARK PLUGS, THERE WERE "DIFFICULT" ASPECTS TO PROJECT BUT AYKAZYAN DECLARED THAT THEY "SHOULD BE SOLVED.") BROWN & ROOT, BURROUGHS, CAMERON IRON WORKS, COCA-COLA, COLGATE-PALMOLIVE, CORNING INTERNATIONAL, DEERE (COTTON

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HARVESTING DEAL SIMILAR TO FMC TOMATO PROJECT IS A POSSIBILITY), GOULD, GULF (ALTHOUGH SCST UNDERSTANDS THAT NEW GULF MANAGEMENT IS RECONSIDERING COMPANY'S APPROACH TO USSR), MONSANTO, NCR, PFIZER, PHILLIPS PETROLEUM, REICHHOLD CHEMICALS, REVLON, R. J. REYNOLDS, ROBERTSON, ROHM AND HAAS, STANDARD OIL OF INDIANA, UNION CARBIDE, AND VARIAN ASSOCIATES. IN A NUMBER OF OTHER CASES -- FOR EXAMPLE, DUPONT (SIGNED 7/77) AND SEAGRAMS (SIGNED 3/77) -- IT IS SIMPLY TOO EARLY TO TELL HOW AGREEMENTS WILL WORK OUT.

7. AYKAZYAN ADDED THAT IN SEVERAL RECENT CASES, U.S. COMPANIES HAVE SIGNED PTOTOCOLS WITH SOVIET INDUSTRIAL MINISTRIES AND DO NOT HAVE AGREEMENTS WITH SCST (COMBUSTION ENGINEERING AND BABCOCK & WILCOX, BOTH OF WHOM SIGNED WITH MINISTRY OF POWER MACHINE BUILDING WERE CITED SPECIFICALLY HERE). SCST AGREEMENT IS USUALLY CALLED FOR ONLY WHEN COMPANY'S INTEREST OVERLAPS SEVERAL

INDUSTRIAL MINISTRIES AND SOME COORDINATION IS NECESSARY.

8. AYKAZYAN GAVE FOLLOWING LIST OF COMPANIES WITH  
WHOM SCST IS DISCUSSING POSSIBILITY OF AGREEMENT:  
HERCULES, AMERICAN CYANAMID, DOW, ENVIROTECH (PROBABLY  
TO BE SIGNED DURING GUISHIANI'S VISIT TO THE STATES  
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FEBRUARY 21-26), BEATRICE FOODS, STALEY, ADM,  
AND RALSTON-PURINA. MATLOCK

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## Message Attributes

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